

**R E M A R K S**

- Claims 1-96 are pending in the present application.
- Claims 1, 29, 37-43, 54-96 are independent.

**1. Section 101 Rejections**

Claims 1 – 68 stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. “These claims are rejected under 35 U.S.C. 101 because these claims have no connection to the technological arts. The method claims do not specify how the claims utilize any technological arts. For example, no network or server is specified. To overcome this rejection, the Examiner recommends that the Applicant amend the claim to specify or better clarify that the method is utilizing a medium or apparatus, etc. within the technological arts.” Current Office Action, page 2.

Applicants traverse the §101 rejection as being improper for failing to be based on any statutory, regulatory, or court opinion requirement. The only current test for whether claimed subject matter qualifies as statutory subject matter has been set out by the Federal Circuit and comprises determining whether the claimed subject matter produces a useful, concrete and tangible result, with no additional requirement that the subject matter utilize any “technological arts”. AT & T Corp. v. Excel Communications Inc., 172 F.3d 1352, 1356, 50 USPQ2d 1447, 1451 (Fed. Cir. 1999); State Street Bank v. Signature Financial Trust, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998), cert. denied, 119 S. Ct. 851 (1999). Each of the pending claims does produce a useful, concrete and tangible result and is thus statutory subject matter under §101.

For example, each of the rejected independent claims at least recites a general feature of (i) arranging for a benefit to be provided or arranging to provide a benefit (claims 1, 38, 55, 56, 57, 58, 59, and 60), (ii) providing an indication of a benefit (claims 29, 37, 39, 40, 41, 42, 43 and 54), (iii) providing a benefit (claims 61, 62, 63, and 64) or (iv) receiving a benefit or an indication of a benefit (claims 65, 66, 67 and 68). Arranging for a benefit to be provided, providing an indication of a benefit, providing a benefit, receiving a benefit, and receiving an

indication of a benefit are each a useful, concrete, and tangible result. A claimed invention that produces a useful, concrete and tangible result constitutes statutory subject matter. AT & T Corp. v. Excel Communications Inc., 172 F.3d 1352, 1356, 50 USPQ2d 1447, 1451 (Fed. Cir. 1999); State Street Bank v. Signature Financial Trust, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998), cert. denied, 119 S. Ct. 851 (1999). Thus, a method, system, apparatus, computer-readable medium or article of manufacture for (i) arranging a benefit to be provided, providing an indication of a benefit, (iii) providing a benefit, or (iv) receiving a benefit or an indication of a benefit is statutory subject matter.

The Federal Circuit has held that a claimed processing system was patentable subject matter because the system determines a final share *price*, which is a *useful, concrete, and tangible result*. State Street Bank, 149 F.3d at 1373, 47 USPQ2d at 1601. “[W]e hold that the transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula or calculation, because it produces ‘a useful, concrete, and tangible result’ - - a final share price...[E]ven if the useful result is expressed in numbers, such as price, profit, percentage, cost or loss”, the invention that produces that result is nevertheless statutory. State Street Bank, 149 F.3d at 1374. Applicants note that the independent claim at issue in the State Street Bank case, as upheld by the Federal Circuit, did not recite any specific application of the share price.

The claimed steps of arranging for a benefit to be provided or providing an indication of a benefit do have a myriad of practical real world applications, as disclosed in the specification. For example, consumers will be motivated to use the methods of the claimed invention if (i) it is arranged to provide a benefit; (ii) a benefit, or an indication of a benefit, is provided; or (iii) a benefit, or an indication of a benefit, is received. In another example, providing or receiving a benefit or an indication of a benefit allowing the consumers to have proof of the benefit (*e.g.*, for enforcement purposes). These example uses need not be recited, just as no uses were recited in the claims in State Street Bank.

Applicants are unaware of any statutory, regulatory, or court opinion requirement that the claims have a connection to the technological arts or specify how the claims utilize any technological arts. The case cited by Examiner in support of this requirement, *In Re Toma*, 197 USPQ (BNA) 852 (CCPA 1978) does not support the position that such a requirement is part of a

§101 analysis. For example, Examiner asserts that “In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test...” Current Office Action, page 4. This statement does not support the Examiner’s position for various reasons. First, the court in *Toma* explicitly stated that “the claims do not directly or indirectly recite an algorithm”. Thus, Examiner’s statement is factually incorrect. Second, the Freeman-Walter-Abele test applied in *Toma* has since been explicitly rejected by the Federal Circuit and replaced by the “useful, concrete and tangible result” test discussed above. Accordingly, the reasoning used in a Freeman-Walter-Abele test is inapplicable to the current test.

The Examiner further asserts, with reference to *Toma*, that “[t]he court found the claimed computer implemented process was within the ‘technological arts’ because the claimed invention was an operation being performed by a computer within a computer”. Current Office Action, page 4). Again, this statement does not support Examiner’s position that claims need to have a connection to the technological arts in order to be statutory subject matter. First, simply because a court in a particular case finds that a particular method or claimed subject matter is within the technological arts does not support the position that in order for any claimed subject matter to be statutory it has to fall within the particular class or type of subject matter found to be statutory in that case. Nowhere in *Toma* did the court state that in order for a claim to be statutory subject matter the claim has to recite a computer or a connection with a computer or other apparatus. Second, Examiner appears to be inappropriately mingling the §101 statutory rejection with a mental process rejection, as the Examiner in *Toma* did. Such a mingling of these two distinct rejection has been explicitly rejected by the United States Court of Customs and Patent Appeals in *Toma* itself: “the language which the examiner has quoted [in support of a §101 rejection] was written [by the CCPA] in answer to ‘mental steps’ rejections and was not intended to create a generalized definition of statutory subject matter. Moreover, it was not intended to form a basis for a new §101 rejection as the examiner apparently suggests.”

If the §101 rejection was instead intended to be a “mental steps” rejection, Applicants also traverse the rejection because there is no statutory, regulatory, or court opinion requirement that a method claim recite a “connection to the technological arts”. Applicants agree that the methods of independent claims do not require that any or all of the steps recited therein be implemented on a computing device or other apparatus, although they certainly can be in

accordance with some disclosed embodiments of the present invention. However, the mere fact that some or all of the steps of a method “may be carried out in or with the aid of the human mind or because it may be necessary for one performing the processes to think” does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. *In Re Musgrave*, 57 C.C.P.A. 1352, 431 F.2d 882 (C.C.P.A. 1970). The court, in *Musgrave*, rejected the Examiner’s reasoning that the claims at issue were non-statutory under 35 U.S.C. §101 merely because they “include no physical steps but set forth merely a method for processing data which does not require any tangible device or apparatus to carry out the method and hence could be carried out mentally.” The court, in *Musgrave*, reiterated its holding in an earlier case, that “patent protection for a process disclosed as being a sequence or combination of steps, capable of performance without human intervention...is not precluded by the mere fact that the process could alternatively be carried out by mental steps.” *In Re Prater*, 56 C.C.P.A. 1376, 415 F.2d 1378 (C.C.P.A. 1968). The only test articulated by the Federal Circuit for determining whether claimed subject matter is statutory is whether it produces a “useful, concrete, and tangible result”, as discussed above. That the claimed subject matter be performed with “a physical structure or mechanical object” has never been required by the Federal Circuit, nor any statute or properly promulgated rule known to Applicants.

In conclusion, Applicants traverse the §101 rejection on the grounds that independent claims **1, 29, 37 – 43 and 54 - 68** are directed to statutory subject matter. Claims **2 – 28, 30 – 36 and 44 – 53** are each dependent on one of the independent claims **1, 29 and 37 – 43** and thus are statutory for the same reasons as claims **1, 29 and 37 - 43**.

## **2. Section 103 Rejections**

### 2(a). Claims 1 – 15, 17 – 21, 24 – 47 and 49 – 96

Claims **1 – 15, 17 – 21, 24 – 47 and 49 – 96** stand rejected under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,112,186 to Bergh (“*Bergh*” herein) in view of U.S. Patent No. 5,970,469 to Scroggie (“*Scroggie*” herein). Applicants respectfully traverse this rejection for the reasons set forth below.

2(a)(i). References do not disclose all the claim features

Neither Bergh or Scroggie, alone or in combination, disclose the following pair of claim features:

- receiving, from a customer, an indication of
  - i. at least one of a product category including at least two products or a service category including at least two services (claims 1, 29, 37, 38, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83 and 84);
  - ii. a product category, said product category including at least two products (claim 39, 40, 55, 56, 61 and 62);
  - iii. a service category, said service category including at least two services (claims 41, 42, 57, 58, 63 and 64); or
  - iv. a retailer category, said retailer category including at least two retailers (claims 43, 54, 59, 60, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95 and 96); and
- selecting, for the customer, one of (i) said at least two products or said at least two services, (ii) said at least two products, (iii) said at least two services, or (iv) said at least two retailers

In other words, neither Bergh or Scroggie discloses receiving from a customer an indication of a category of at least two items (whether it be products, services, or retailers) and then selecting for the customer one of the at least two items included in the category indicated by the customer.

The arguments supporting the position that Scroggie does not disclose the above pair of features are incorporated by reference herein from the Response to the Previous Office Action (the Office Action mailed April 03, 2003).

Bergh also does not disclose this pair of features. Bergh discloses a system and method where a user can provide ratings for items or categories of items and receive recommendations on other users that rated items similarly or additional items that may appeal to the user based on the items rated. However, if the user in Bergh provides ratings on items in a certain domain, the

user is not provided with a recommendation of one of the items rated. That is because the user has already provided a rating for the items and a recommendation is inappropriate. In other words, in Bergh an item that is recommended to a user is not selected from the category of items that the user provided ratings for or otherwise provided an indication of. While a user in Bergh may rate items in a given domain (*e.g.*, rock albums) and be provided with a recommendation of another item (that has not been rated by the user) from the domain, this does not anticipate the claimed feature(s). The claims recite receiving, from a customer, an indication of a category, the category including at least two items, and selecting one of the two items for the customer. In other words, in the claimed embodiments one of the items that the customer provides an indication of is the item selected for the customer. In Bergh one of the items rated by the user (the group of items that the user rated being characterized as a category of items) is not recommended to the user. Instead, another item that is not one of the items the user provides an indication of is recommended to the user.

Claims 65 – 68 recite the above steps from the customer's perspective. Since Bergh does not disclose the above features from the system's perspective, it certainly also does not teach them from the customer's perspective.

2(a)(ii). No Motivation to Combine

Examiner has provided various statements in support of the combination of Bergh and Scroggie. None of these statements qualify as proper statements of a motivation to combine references. Accordingly, Examiner has not met the primary burden of establishing a *prima facie* case of obviousness.

The following statements have been provided as explanations of why one of ordinary skill in the art would combine Bergh with Scroggie in order to obtain the features of various claims:

- (ii) regarding the claimed feature of “arranging for a benefit to be provided based on a purchase of said selected one of said at least two products or said at least two services” (claim 1), the Examiner asserts that “it would have been obvious...to add Scroggie's rebate for a purchase made to Bergh's customer selecting a product category and subsequent item

recommendation...*because a rebate is an obvious way of encouraging a customer to purchase a product*" (Current Office Action, page 7, emphasis added)

- (iii) regarding the claimed features of a payment identifier (claim 13), receiving a payment identifier (claim 14), said payment identifier is a customer identifier (claim 15), the Examiner asserts that "it would have been obvious...to add Scroggie's payment identifier to Bergh's purchase...*because purchases can be efficiently tracked and completed utilizing payment identifiers.*" (Current Office Action, page 9 emphasis added);
- (iv) regarding the claimed features of providing an indication of a price (claim 25), determining a price (claim 26), determining a condition of purchase (claim 27), and providing an indication of said condition of purchase (claim 28), the Examiner asserts that "it would have been obvious...to add Scroggie's price or condition of purchase to Bergh purchase of an item or service...*because price or condition of purchase is obvious information for making a purchase that lets a customer better determine if they desire to make a purchase.*" (Current Office Action, page 10, emphasis added);

In making the above assertions, Examiner has failed to set forth a *prima facie* case of obviousness. Examiner has modified the teachings of Bergh without any suggestion from within the prior art. In formulating a rejection of claims under 35 U.S.C. §103, the initial burden is on the examiner to support the legal conclusion of obviousness. See, *In Re Fine*, 837 F. 2d 1071, 1073, 5 USPQ 1596, 1598 (Fed. Cir. 1988). In order to satisfy this burden the examiner must make factual findings about the differences between the prior art and the claimed invention and provide a cogent and reasoned explanation of why a person of ordinary skill in the art would have modified the prior art or combined the prior art in a manner that results in the claimed invention. The *reason for the modification or combination* must come from some teaching, suggestion, or implication in the prior art as a whole or in knowledge generally available to one having ordinary

skill in the art. Applicants note, in emphasis, that the prior art or knowledge generally available to one of ordinary skill in the art must not only teach the claimed elements, but also *the reason for making the combination or modification*. In the present Application, Examiner appears to be asserting that each of the claimed elements is either taught or suggested by Bergh or Scroggie, but has not set forth any support from the record as to why one of ordinary skill in the art would have been motivated to make the asserted combinations or modifications in order to arrive at the claimed invention. Mere statements of opinion from an examiner such as the ones provided in the current office action, which basically state that the motivation to combine is that desirable results will occur, are insufficient to meet Examiner's burden. See, for example, the following excerpt from a Board of Appeals opinion:

“The examiner's position can be stated basically to be that the modification of [the prior art reference] necessary to arrive at the claimed invention would have been obvious to the artisan because it would improve efficiency, performance, and reliability of the [prior art reference method]. While this result indicated by the examiner is undoubtedly correct, it is not a valid basis for the rejection of a claim. It explains more why appellant wishes to patent such a process. Since most inventions are designed to improve efficiency, performance or reliability, the examiner's analysis would make it very difficult to patent anything.” (Ex Parte Bowen, Appeal No. 96 – 1349).

In the present Application, Applicants respectfully assert that Examiner's assertions are not proper statements of a motivation to combine but are merely conclusory statements of desirable results that may be achieved from the proposed combinations / modifications and thus Examiner has failed to satisfy the *prima facie* burden of the obviousness rejection. “The factual inquire whether to combine references must be thorough and searching.” *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1351 – 52, 60 USPQ2d 1001, 1008 (Fed. Cir. 2001). It must be based on objective evidence of record. This precedent has been reinforced in myriad decisions, and cannot be dispensed with.... (“Our case law makes clear that the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art

references.”)...It is improper, in determining whether a person of ordinary skill would have been led to this combination of references, simply to “[use] that which the inventor taught against its teacher.” In Re Lee, 227 F.3d 1338, 61 USPQ2d 1430 (Fed. Cir. 2002).

2(b). Claims 16, 22, 23 and 48

Claims 16, 22, 23 and 48 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Bergh in view of Scroggie in further view of U.S. Patent No. 5,537,314 to Kanter (“Kanter” herein). Applicants respectfully traverse this rejection for the reasons set forth below.

2(b)(i). References Fail to Disclose Claimed Features

Neither Bergh, Scroggie or Kanter disclose the general claim feature of

- imposing a penalty if said selected one of said at least two products or said at least two services is not purchased

Applicants gratefully acknowledge Examiner’s agreement that “Bergh does not explicitly disclose a penalty if the product is not purchased”. Current Office Action, page 10. Scroggie also does not disclose this feature and Examiner does not rely on Scroggie for this feature. Instead, Examiner alleges that Kanter discloses the above feature.

Applicants respectfully disagree that Kanter “discloses a penalty for failing to purchase an item selected (col 10, lines 30 – 35).” Current Office Action, page 10. The only mention of a penalty in Kanter is a penalty that may be imposed on a bank customer if the customer attempts to cash or deposit a check not supported by sufficient funds, such that the check does not clear. This disclosure does not teach or even suggest imposing a penalty on a customer for failing to make a purchase.

Accordingly, since none of the references teach or disclose the features of claims 16, 22, 23, and 48, Applicants respectfully submit that these claims are patentable over the prior art of record.

2(b)(ii). No Motivation To Combine

The Examiner has failed to establish the primary burden of a *prima facie* case of obviousness with respect to claims 16, 22, 23 and 48 because no proper motivation to combine has been provided. The statement provided as the alleged motivation to combine does not qualify as a proper motivation to combine references under §103. The following statement has been provided as support for the assertion that it would have been obvious to combine Kanter with the combination of Bergh and Scroggie:

- (v) regarding the claimed feature of imposing a penalty if a purchase is not made (claims 16 and 48), the Examiner asserts that “it would have been obvious...to add Kanter’s penalty for failed purchases to Bergh’s recommendation and purchase method...*so that Bergh can discourage purchases that are not possible.*” (Current Office Action, page 10 and page 11, emphasis added)

As discussed above, such a statement of a desirable result that may be obtained from a combination of references is not sufficient to satisfy Examiner’s primary burden of establishing a *prima facie* case of obviousness. Examiner must instead show where in the record there is a teaching that would have motivated one of ordinary skill in the art to make the proposed combination.

Further, the stated motivation does not appear to be relevant to the claimed features. Nowhere in the claims are “purchases that are not possible” recited. Applicants frankly have no idea what “purchases that are not possible” might be or why there would be a need to discourage such purchases. Clarification is requested.

Further still, there is no motivation to combine the penalty feature of Kanter with Bergh and it does not make sense to include a penalty feature in Bergh. In Bergh there is no need to apply a penalty to a user since the system or entity administering the system does not stand to lose anything if a user were not to purchase a recommended item. In contrast, in embodiments of Applicants’ invention, there is a need for a penalty if a customer does not comply with the terms of an agreed-upon purchase because a retailer may have provided a benefit to the customer before

the customer has fully earned the benefit and the retailer may thus be in danger of losing an expected return on the provided benefit if the customer does not comply with the purchase terms.

### Conclusion

For the foregoing reasons it is submitted that all of the claims are now in condition for allowance and the Examiner's early re-examination and reconsideration are respectfully requested.

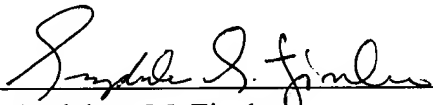
Alternatively, if there remains any question regarding the present application or any of the cited references, or if the Examiner has any further suggestions for expediting allowance of the present application, the Examiner is cordially requested to contact Magdalena M. Fincham at telephone number 203-461-7041 or via electronic mail at [mfincham@walkerdigital.com](mailto:mfincham@walkerdigital.com).

### Petition for Extension of Time to Respond

Applicants do not believe any extension of time with which to respond to the Office Action is necessary. However, if an extension of time should be necessary, please charge any fee required for such extension to our Deposit Account No. 50-0271. Please charge any additional fees that may be required for this Response, or credit any overpayment to Deposit Account No. 50-0271.

If an extension of time is required, or if an additional extension of time is required in addition to that requested in a petition for an extension of time, please grant a petition for that extension of time which is required to make this Response timely, and please charge any fee for such extension to Deposit Account No. 50-0271.

Respectfully submitted,



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